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BY

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GOVERNOR OF THE STATE OF MONTANA

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My fellow Montanans, good evening.

In the nation's Bicentennial year - Montana is young. Our grandparents and great grandparents crossed the vast plains to fulfill the same vision of independence and self-determination that led the American colonists to a new land and a new freedom. They carved from the prairie and forest wilderness a new society, based on respect for the rights of individuals, in the midst of the most spectacular grandeur of God's creation.

Montana has a proud history. The spirit of our people is fresh and strong. Our vigor and our patriotism are demonstrated by the number and diversity of Bicentennial projects being undertaken by our citizens. Our people are grateful for what the Creator has bestowed upon us and for what we have worked successfully to build.

The Constitution of the United States and the Constitution of the State of Montana begin with the words, "we the people".

For it was we the people who settled this great nation; we the people fashioned a common vision of justice and individual liberty; we the people fought for freedom and national unity; we the people created the world's greatest and strongest nation ever seen in human history.

During the course of this country's history, our people and our governments have made mistakes. We have at times deserved criticism. But there is something right with a people who have managed to carry the world's oldest surviving democracy into its third century.

Democracy is the only form of government befitting the sacred value of the individual human being. By reforming and revitalizing their governments, Montanans have demonstrated that democracy works.

In 1970, the people ordered Executive Reorganization to make the maze of existing state departments and agencies more responsive to public needs.

In 1972, Montanans approved a new constitution requiring periodic review by the people of the forms of their local governments. Voter review of local government is proceeding vigorously during this Bicentennial year. By the end of 1976, the citizens of 182 cities, towns and counties will have directly determined the powers and functions of their local governments.

Over the last three years, the Montana Legislature, reflecting the mandate of our people, has enacted the nation's finest package of environmental protection laws. Montana's Strip Mining and Reclamation Act is one of the toughest of its kind in the nation. Our Water Use Act claims all the water of Montana for the people of Montana. The Utility Siting Act establishes rigorous requirements that must be met before major new utility facilities can be constructed. And, for the first time in state history, the people are sharing in the rewards of resource development. The Resource Indemnity Trust ensures that a portion of present resource value will be retained for future generations. The coal severance tax of 1975 provides funds for communities impacted by coal development and contributes revenue to all state public services.

Montanans have greatly increased their commitment to education at all levels. Since 1972, state non-property tax support for public schools was increased 85 per cent. Were it not for this added flow of state support, local property taxes would be significantly higher even than they are today. Expenditures for vocational and technical education have nearly doubled over the same time period. We now have free public kindergartens in Montana and special education programs for the handicapped.

The people, the Legislature and the Executive Branch have expressed outrage and sorrow over conditions in the state institutions for the care of the mentally ill and retarded. Appropriations for these facilities have more than doubled. Montana can be proud of this investment in human dignity. The state is now acquiring adequate staff, decently paid and properly trained, to care for the institutional residents. Dozens of patients are now living in group or foster homes outside the institutions. Two weeks ago, my wife Carol visited several of these facilities in Eastern Montana and told me that she was delighted to find that men and women she had seen in Boulder two years ago are now enjoying productive lives.

In the last three years, \$243 million in tax relief has been brought to the people. The income tax surcharge was reduced by 75 per cent. In 1974, the statewide mill levy was reduced to its lowest level in 25 years. The state has assumed the costs of the counties' property evaluation and Medicaid. We will devote all of Montana's 1977 revenue sharing monies to reducing statewide property taxes. And for the first time in recent Montana history, the two mill emergency levy was not imposed during an entire administration.

Montana's state government today is in its best fiscal shape ever. Growth in our economy, modernization of state investment policies, an aggressive new program for auditing out-of-state corporations, and a realistic coal severance tax contribute to our \$48 million general fund surplus. We have achieved this at a time when 23 sister states have raised their taxes by more than a billion dollars in the past year alone.

In short, my fellow citizens, because of your efforts, the condition of Montana's state government is sound.

This month the people of Montana join with their fellow citizens across America in observing the 200th anniversary of our nation's freedom.

The national mood, however, is not one of unrestrained celebration. The problems confronting us are potentially as serious as any faced in our history.

The upheavals of the 1960's turned our values upside down. The Watergate and subsequent revelations of the 1970's have sickened our hearts with descriptions of illegal and immoral actions committed by the individuals charged with guarding our most respected national institutions.

The sad and frightening paradox of the Bicentennial is that never in American history have the people been more distrustful of their governments than they are in 1976. People have lost confidence in themselves and in their ability to select men and women to serve them in public office effectively and honestly.

We seem to have lost sight of the words written by Thomas Jefferson in the Declaration of Independence: "Governments are instituted among men, deriving their just powers from the consent of the governed." Our founding fathers believed in the fundamental goodness of humanity. They pledged their fortunes, their sacred honor and their lives to the task of constructing a society based firmly upon that belief.

The condition of the national economy has cast most sections of the country under a darkening cloud. Inflation and high rates of unemployment combine to afflict America with the longest and most severe recession since the Great Depression. Administration economists in Washington now talk of six or seven per cent unemployment as the "acceptable" level.

Congressional sources, however, claim that official unemployment statistics are understated by nearly half. Millions of people have been unable to find work for several years. They feel useless, unwanted and unneeded. Numerous state unemployment funds have borrowed from the federal government just to make regular subsistence payments to their unemployed citizens.

In March, after expending \$8 million on unemployment compensation over the last twelve months, Montana may also have to request federal assistance.

At least 29,000 men and women today in Montana seek employment and a decent living for themselves and their families. Most of the unemployed are concentrated in our largest cities. In Butte, 4,000 are idle. In Missoula, 4,700 people can't find work, while in Kalispell the number is a staggering 4,900.

The wood products industry, centered in Missoula and Kalispell, has been brought to its knees by a depression in the housing industry. Housing starts nationally fell from 2.5 million in 1973 to about one million in 1975 and apartment construction dropped to the lowest level since 1959.

Anaconda Company operations in Butte, where 1,500 workers were laid off during the last year alone, give no sign of being restored to full capacity.

Even these grim figures may well understate the critical nature of Montana's economic situation.

But cold statistics can never depict the misery, frustration and apprehension of wage earners who cannot find work and bring home a paycheck to their families. The plight of these workers and their families is the most pressing problem confronting the State of Montana. Unemployment is public enemy number one. The creation and maintenance

of a vigorous, strong economy, with jobs enough for all our people, is the challenge we face today.

The forces shaping Montana's economy were not created overnight. The explosive growth which characterized the national economy between 1950 and 1970 largely passed Montana by.

During those years, our economy failed to create enough jobs to keep pace with the natural growth in our population. As a result, 83,000 people left Montana during the decades of the 1950's and 60's. The unemployment rate in Montana was typically above the nation's average.

Since 1970, however, Montana's economic position relative to the nation has improved markedly. Between 1970 and 1975, new jobs were generated in Montana twice as quickly as in the rest of the country. However, the growth in our civilian labor force outstripped the number of new jobs created. Montana's population grew 60 per cent faster than the nation's. Significant unemployment remains with us, to a large extent, because of the job seekers coming into Montana.

The relative improvement in Montana's economic position is encouraging, but it does not solve our problems. We cannot escape the effects of national economic trends. At the same time, we cannot simply wait for Washington to put our people back to work.

During the course of Montana's history, our people fell victim to the profit making schemes of outside investors and exploiters. Since 1900, over \$9 billion in minerals were extracted from our land and shipped elsewhere. Ghost towns stand as deserted monuments to the boom and bust cycles which characterized Montana's development.

Today, we are at the dawn of a new era in the history of our state.

We, the people of Montana can control our destiny. We have reformed our governments. We have enacted laws to protect the natural environment that is our greatest heritage and our most cherished legacy. Now we must utilize our resources to guarantee a secure livelihood for this generation and for generations to come.

Montana has what the world needs.

Montana is a prodigious producer of food. We are fourth in wheat production, third in barley and fifth in flax. We rank sixth in sheep and eighth in beef cattle production. The \$1.4 billion agricultural industry stands number one in our state.

Our water resources are adequate to increase greatly the amount of land under irrigation.

One out of every three people in the world -- 1.3 billion people -- lives in a country that does not grow or cannot afford to buy enough food to provide an adequate diet for its citizens.

The poor nations look to America and to the farm states, like Montana, to meet their critical needs for food.

Montana is also potentially a major producer of energy resources. We have the largest supply of mineable coal in the United States -- more than 105 billion tons.

We have enough coal, oil and gas to fuel the world's needs for the next 36 years. Currently, about 20 million tons of coal are being mined in Montana -- twenty times as much coal as was being mined seven years ago; half as much as will likely be produced in 1980.

The people of Montana must decide how to use these resources for their own benefit and for the rest of the nation and world.

To develop our resources properly, we need the assistance - not the interference - of the federal government.

National farm policy has failed to attack the devastating spiral of production costs. Presidential interruption of the free market flow of U. S. grain overseas precipitated a drastic slide in wheat prices. Montana farmers lost over \$100 million, yet the price of bread continues to edge upward. Federal refusal to halt beef imports -- now nearly four times as great as our beef exports -- has further depressed our cattle industry.

The 1972 presidential order prohibiting use of the toxicant 1080 for predator control, even under strict supervision, is literally driving sheepmen out of business.

President Ford has twice vetoed the federal strip mine law and thereby has threatened the coal rich west with uncontrolled development. The federal government appears determined to embark on a massive coal leasing program. The states should, and must, have authority to determine where mining will occur and where it will not.

I vehemently oppose federal intrusion into areas of resource management that historically have been the responsibility of state or local governments. I find totally unacceptable, for example, the regulations published last year giving the Army Corps of Engineers control of virtually every body of water in the country, including stock ponds.

I have worked closely with our influential Congressional Delegation in attacking these problems, and I urge you to support them in their efforts.

At the same time, we the people of the State of Montana must do all in our power to make our state the kind of place we want for ourselves and for our children.

We must have jobs for all Montanans. While recognizing the limitations of state government in singlehandedly solving this problem, I have set the location and creation of jobs as the number one priority of my administration.

All levels of government must act firmly and with dispatch to provide job opportunities for our people without destroying what is, in other respects, a standard of living and quality of life envied by people the world over.

The people of Montana have enacted strong environmental laws to insure orderly development. With proper enforcement of those laws, our state can grow without suffering irreversible damage to our land, air and water.

Some in Montana today would stop all development. Some would callously exploit our state, its resources, and its people for the sake of making a fast buck. We must reject both extremes.

Our strength and our hope for the future lie in the prudent use of our abundant supply of natural resources.

The people of Montana -- and no one else -- should and will make the very difficult choices about resource development and quality of life in this state. Montanans have tough questions to answer.

Exactly how much water will we devote to energy development, and how much to farming?

How much land will we commit to coal mining?

What areas of our state and cities will we designate for industrial development? How much development and what kind of development do we want?

Other people, people outside Montana, want to make these decisions for us. Bureaucrats in Washington ignore the desires of our people in

far away and sparsely populated states. Major energy companies like to mine whenever and wherever they wish. And major efforts will be made in this election year to substitute special interests for the public good.

To insure the continued existence of a responsive and a democratic government, we must make certain that the people have control. By the end of next month, I will have held public forums in every county in Montana -- so that the people could tell me first hand what they want me to do. I created a Citizen's Advocate in my office to respond fully and quickly to citizen's complaints.

But these actions alone are not sufficient. We must further democratize the decision making process.

Therefore, in this Bicentennial year, we will launch a program called Montana Futures. Questionnaires covering the issues facing our state will be made available to all our citizens. Your responses to these critical choices will determine Montana's future.

For a generation, many Americans came to believe that government could do anything. Many thought that if we threw large amounts of money at problems, the problems would go away.

State government grew significantly in the past fifteen years. The number of state employees during the 1960's increased over seven times more quickly than growth in private sector employment.

Although this trend was reversed between 1970 and 1974, better care and treatment in the institutions, new environmental protection laws and cutbacks in federal programs which the state assumed resulted in continued growth in government. Now we must examine the entire range of government services to decide whether some of them could not better be provided by the private sector, or eliminated completely.

We must increase the quantity and quality of public service per tax dollar invested. Therefore, at the end of this year, I will submit to the Legislature a taxpayers' budget, written in view of six year planning goals and pared to a minimum.

We must refine our governments. We must make certain our new laws and programs work efficiently and effectively. Government, at all times, must work to serve the needs of the greatest number of people.

State government must act immediately to expend its available resources to alleviate our citizen's heaviest burdens.

Recently, I announced my intention to place an initiative before the people next November. For all Montanans owning homes, this initiative is an essential first step to reducing unfair and heavy property taxes. Adoption of that initiative would reduce property taxes on owner-occupied homes in Montana by an average of \$100. That may not sound like a great deal of money to some. But to thousands of senior citizens living on social security, that \$100 may enable them to keep the home they treasure.

I urge you to work for and vote for passage of this initiative.

Our problems in Montana in 1976 are significant. Our opportunities are even greater.

The Preamble of Montana's new Constitution states: "We the people of Montana grateful to God for the quiet beauty of our state, the grandeur of our mountains, the vastness of our rolling plains, and desiring to improve the quality of life, equality of opportunity and to secure the blessings of liberty for this and future generations do ordain and establish this constitution."

Our Bicentennial challenge is clear -- let us fulfill the mission we have set for ourselves. Let us build a strong and secure economy and a society worthy of our natural setting. With mutual concern and a spirit of trust, let us get on with the task.

